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22 March 1951

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MEMORANDUM FOR: MR. [REDACTED]
SPECIAL ASSISTANT TO THE ASSISTANT DIRECTOR
FOR SPECIAL OPERATIONS

SUBJECT: Contractual Services

REFERENCE: Memorandum to the Deputy Comptroller, dated
21 February 1951, on above subject

1. In reference memorandum you have requested that the Comptroller's Office prepare a statement of the functions of the Special Contracting Officer in order that they may be reviewed for inconsistencies with current OOD views.

2. Your attention is called to the fact that the functions of the Contracting Officer are described in considerable detail in paragraph 9.3 of the Confidential Funds Regulations. In the interests of additional clarification without unnecessary discourse, I interpret the duties and responsibilities of the Contracting Officer as being identical to those inherent in my government designation as contracting officer with the unusual addition that the Special Contracting Officer, CIA, has extraordinary discretionary authority to commit CIA to a wide range of unusual and unorthodox contractual obligations, if operationally warranted, upon the request of an authorized official of the Office concerned and if not otherwise in conflict with Agency policies.

3. I am sure you appreciate the fact that no contracting officer can fulfill such responsibilities to either the Operating Offices or to the Agency, as such, unless he is fully knowledgeable as to contractual objectives, operational circumstances and Agency policies. In prior years it has been possible to acquire all essential information on an informal verbal basis by direct contact with responsible officials. For some time now, this has no longer been possible because of the tremendous increase in Agency activities. It now appears essential therefore that CIA:

a. Provide a functional unit to perform all of the services and duties for which the contracting officer is responsible;

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- b. Establish general standards and criteria of contractual benefits which may be granted to the various types of individuals compatible with the types of services to be rendered and typical operational circumstances;
- c. Establish a suitable discretionary area within which appropriate operating officials in conjunction with the Contracting Officer may negotiate;
- d. Provide a procedure by which extraordinary contractual requirements may be properly authorized if warranted.
4. To accomplish these objectives the Special Contracting Officer has worked toward the establishment of a Contracting Unit, has endeavored to formalize historically developed contractual policies, and lastly has tried to provide the machinery by which the minimum essentials of operational information are made available for use in fulfilling the responsibilities of the Contracting Officer.
5. All of the above developments together with projected plans to improve and simplify the contractual problem and the subsequent administration of contracts have been fully discussed with Agency officials including appropriate representatives of the Operating Offices. I have just been advised, however, that various OSO officials believe that these concepts and procedures may be unacceptable for operational or security reasons to OSO. In view of this fact, it is urged that OSO make an immediate study of this problem to determine whether or not any inadvertent violation of OSO's security or operational views has occurred or appears imminent. This is particularly important right now because GFC regulations incorporate the foregoing policies and procedures, and because a Task Force is currently studying this problem with a view toward planning further improvements in the contractual field. Therefore if OSO believes that the authorities, duties and responsibilities of the Contracting Officer infringe upon the prerogatives of that Office or that present contractual procedures unnecessarily endanger OSO security, it seems highly desirable that the issues be resolved promptly.

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Deputy Comptroller

cc - Asst. Deputy Director
for Administration
Comptroller
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